



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 12

Agenda Date: April 4, 2024

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Real estate exchange contract with H.E. San Antonio I, L.L.C. (“Hyatt”) related to the Hyatt Regency San Antonio River Walk Hotel.

SUMMARY:

An ordinance approving the sale of City-owned property located within the Hyatt Regency San Antonio River Walk Hotel (“Hyatt Regency”) and an access easement located adjacent to the hotel to the Hyatt. Funds in the amount of \$630,000.00 will be deposited in the Community Development Block Grant (CDBG) fund for the sale of this property.

BACKGROUND INFORMATION:

The City of San Antonio acquired the property on which the Hyatt Regency was built in 1978. The acquisition of the land and the construction of the hotel was part of a broader public-private partnership to increase the number of high-quality hotel rooms downtown while building a pedestrian linkage between Alamo Plaza and the River Walk; that link was called the Paseo del Alamo and featured stairs and stepped fountains that originated adjacent to Alamo Plaza and flowed through the lower lobby of the hotel.

This public private partnership was supported by a long-term lease of the hotel atrium or lower

lobby, with the current lease extending until 2065. The 0.2393 acres to be conveyed by the City lie within the privately owned hotel. At the outset of the private-public partnership, the City sold the air rights for the tract to an entity associated with Hyatt to facilitate the development of the hotel above it. The City maintains an access/egress easement through the hotel to facilitate public access from the River Walk to the Alamo Plaza.

ISSUE:

Hyatt approached the City with the intent to purchase the City-owned land within their hotel and eliminate the current easement. This will allow the Hyatt greater certainty and control as they approach future renovations of the atrium area. As part of this contract, the current lease will terminate and relieve the City of maintenance obligations included in the existing lease.

The “upper” Paseo del Alamo fountain section extends from Alamo Plaza to the Hyatt Regency’s façade, and it will be demolished as part of the ongoing Alamo Plan. New site elements will include a grand staircase, upper and lower terraces and seating, native vegetation, a new public elevator, and a linear Alamo Fountain that uses rainwater captured from Alamo Plaza and adjacent structures. Demolition related to the Alamo Plan is currently underway.

Due to the work of the Alamo Plan, Hyatt Regency’s fountain will become a standalone interior water feature that does not reflect the future design of the public space. Hyatt would like flexibility to consider interior modifications, which may include future removal or modification of the interior fountain. Through this transaction, Hyatt has agreed to grant City a reasonable public access easement through the atrium space. The linkage between the river walk and the Alamo Plaza will continue, subject to reasonable closures to facilitate construction.

This ordinance authorizes the City of San Antonio declare as surplus and convey approximately 0.2393 acres located within the Hyatt Regency, as well as access easements of approximately 0.02649 acres adjacent to the hotel to Hyatt. The property to convey is generally located at 123 Losoya St in Council District 1. Hyatt will also convey or release the City from two non-disturbance designations totaling approximately 0.2573 acres adjacent to their hotel. The agreed upon sale price is \$630,000, consistent with a City obtained appraisal.

This transaction also results in savings for the City by removing existing maintenance obligations related to the fountain and lease. Over the past five years, the City has spent over \$1.2 million on water usage for the fountain at Paseo del Alamo and over \$70,000 in repairs to pumps and supporting infrastructure (since FY19).

This item disposition was considered by Planning Commission on March 13th. Planning Commission approved a resolution declaring the property as surplus and supporting the conveyance. CCDO has determined that canvassing is not required as the property is encumbered by a lease until 2065 and the land lies within privately-owned commercial property and City is retaining a right-of-way easement which will not affect city departments or utility agencies.

The conveyance will result in in \$630,000 to be deposited in the Community Development Block

Grant (CDBG) program income fund. The City follows a public comment process for federally-funded programs and notice of this public hearing was published in the Express News.

ALTERNATIVES:

City Council could choose not to approve this request; however, the City of San Antonio and Hyatt will be unable to sell and exchange the parcels of land. The existing lease would remain in effect.

FISCAL IMPACT:

This ordinance approves the sale of City-owned property located within the Hyatt Regency San Antonio River Walk Hotel (“Hyatt Regency”) and an access easement located adjacent to the hotel to the Hyatt. Funds in the amount of \$630,000.00 will be deposited in the Community Development Block Grant (CDGB) fund for the sale of this property, subject to reasonable title and closing fees. The property was initially purchased with federal funds awarded through the Urban Development Action Grant. That federal program has lapsed, and the funds shall be deposited within accounts related to CDBG.

RECOMMENDATION:

Staff recommends that City Council approve this ordinance and convey approximately 0.2573 acres of land adjacent to their hotel, generally located at 123 Losoya St, to Hyatt in exchange for payment of \$630,000 from Hyatt to the City of San Antonio.